

Amendments to the Specification:

Replace the paragraph beginning at page 3, line 23 with the following amended paragraph:

A number of variations of the invention described above are feasible and readily apparent to one skilled in the art. For example, the cells can be human or animal-derived, and include cells which are bovine, porcine, rodent (e.g., rat or mouse), or nonhuman primate derived. The protein expressed can be from the same or a different species from the cells, and can be autologous or non-autologous. The immunologically privileged cells can be cultured cells or cells derived from a transgenic animal. The cells can also be autologous cells which are transfected *ex vivo* with nucleotides coding for the protein(s) one wishes to express, and then introduced into the subject. The cells can also be ~~allogenic~~ allogeneic, that is, a human cell from another human being not the subject, or ~~xenogenic~~ xenogeneic, from another species. One preferred intermediate lobe pituitary cell is a fetal or post natal cell. The cells may also be encapsulated in a non-antigenic coating, e.g., a hydrogel, an alginate compound, or a polymer (preferably a polymer which forms a semipermeable layer).

Replace the paragraph beginning at page 26, line 4 with the following amended paragraph:

EXAMPLE 6: Transplantation of the transgenic pituitaries cures ~~diabeties~~ diabetes in NOD mice.